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About AIM Advisers
AIM Advisers helps small and medium-sized, growth-oriented U.S. companies complete IPOs on the Alternative Investment Market (AIM) of the London Stock Exchange. AIM Advisers also provides a range of services to the 56 U.S.-based companies that are already listed on AIM.

U.S. Company IPO and Secondary Offering Activity – 2012

Highlights

- U.S. companies account for 8% (11 of 136) of AIM IPOs since 2010
  - More than from any other country, except China (9%) and the U.K. (31%)

- The two U.S. company IPOs during 2012 are featured in this newsletter
  - Zattikka - California and Texas - Consumer Technology
    - Raised $20 million to effect three acquisitions valued at $47 million
    - Founders receive $14m cash, $12m notes, $13m shares and $10m deferred
    - Revenue and EBITDA multiples of 3.8 and 10.1, P/E ratio of 12.5
  - Enteq Upstream - California - Oil & Gas Equipment and Services
    - Raised $68 million to effect an acquisition valued at $54 million
    - Founders receive $43m cash, $3m shares and $8m deferred
    - Revenue and EBITDA multiples of 3.2 and 9.3, P/E ratio of 15.9

- Currently 5% (56 of 1,096) of the companies listed on AIM are from the U.S.
- Since 2005, U.S. companies account for 8% (77 of 982) of IPOs
  - Investors remain selective but desire exposure to USD assets/revenue
  - Seeking high-quality, growth-oriented companies
- End-of-decade expectation is that 10% of AIM will consist of U.S. companies

- IPO market remains selective, therefore, prospective issuers should carefully consider:
  - Suitability before embarking on the process
  - Key advisers, most notably Nomads and Brokers
    - Of which, there are 50 and 100, respectively

- £332 million raised from secondary offerings on AIM for 32 U.S. companies since 2010
- 55% of all U.S. companies on AIM have completed at least one secondary since 2010
- 71% of secondary offerings raise between £1 million and £10 million

- Selling shareholder activity at IPO continues at the historic level of 25% since 2010
- U.S. Accredited Investor and QIB participation also continues at the historic level of 20%

- Industry and geographic dispersion of the 56 U.S. companies listed on AIM - see page 7

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U.S. Company IPOs - Macro View

The table below shows that IPO activity on AIM has held steady over the last three years. Generally speaking, compared to 2010, the companies that completed IPOs during 2011 and 2012 were stronger and simply required less growth capital.

Entire Market	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2010	46	1,017	22
2011	45	560	12
2012	45	695	15
Total	**136**	**2,272**	**17**

Historically, U.S. companies have accounted for less than 5% of AIM, however, since 2005, there has been a relative surge of U.S. companies completing IPOs on AIM. From 2005 - 2012, 8% of all IPOs on AIM were for U.S. companies. With a limited number of data points, it's difficult to draw firm conclusions; however, the medium-term expectation is that U.S. companies will account for approximately 10% of all companies listed on AIM by the end of this decade; growing from 56 to over 100.

United States	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2010	2	52	26
2011	7	45	6
2012	2	55	28
Total	**11**	**152**	**14**

While IPO investors remain selective, it is clear from the relative surge of U.S. companies completing IPOs on AIM since 2005 that they desire exposure to USD assets and revenue streams from high-quality, growth-oriented companies.

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U.S. Company IPOs - 2012

The table and summaries below provide some high-level insights into the two U.S. company IPOs on AIM during 2012. Coincidentally, both IPOs were designed to simultaneously effect acquisitions of predominately U.S.-based operating companies. Further details can be found by clicking on the company name, which leads to a comprehensive summary of each transaction.

The U.S. companies listed on AIM operate in virtually all industry sectors; therefore, AIM is suitable for a wide range of private companies seeking additional growth capital for the next stage of their development. The three most important factors, in the eyes of prospective U.K. investors, are the quality of the company's management team, international operations/plans and future growth prospects.

(in USD millions)	Zattikka	Enteq Upstream
Industry Sector	Consumer Technology	Oil & Gas Equip. and Svcs.
Gross Capital Raised	$20.0	$68.0
Value of Acquired Companies[1]	47.4	54.1
Revenue	12.4	17.1
EBITDA	4.7	5.8
Net Income	3.8	5.7[2]
(Multiples/Ratio)		
Revenue	3.8	3.2
EBITDA	10.1	9.3
P/E	12.5	9.5[2]
Consideration Received by Founders/Shareholders		
Cash	$14.1	$43.1
Notes	12.1	N/A
Shares	12.6	3.0
Deferred Cash	10.3	8.0

Zattikka was founded to effect the simultaneous acquisition of three companies; one based in San Francisco, California, with a substantial presence in Shanghai, China, founded in 2005, one based in Austin, Texas, founded in 2009, and one based in Malmö, Sweden, founded in 1997. The purpose of the acquisitions, and the future strategy, is to capitalize on the opportunity to consolidate and organically grow the highly fragmented online and mobile, social/casual, interactive games entertainment market. Zattikka intends to become a large-scale, diverse games developer and publisher across key digital platforms, geographically focused on the U.S., China and Europe. Zattikka has 182 employees; 33 in the U.S., San Francisco and Austin, 116 in Shanghai, 23 in Malmö and 10 in the U.K.

[1] Since the purpose of these IPOs was to effect acquisitions, this is the value of the acquired companies, which is more relevant for analysis.
[2] Since the acquired company was an S Corporation, with any Federal and most State tax liabilities are passed-through to the shareholders, this is pre-tax net income. Assuming an effective tax rate of 40%, net income and the P/E ratio would be $3.4 million and 15.9, respectively.

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The global online games market generated $16 billion of revenue during 2010 and is expected to grow at a CAGR of 10.6% to $26 billion in 2015. The extension of gaming into new social network channels and mobile platforms has caused a significant shift in how people play and, more importantly, who plays. This shift has led to rapid expansion of the online games market with a broader, more diverse, player base. The strong financial performance and complementary nature of these first three acquisitions, along with the overall industry dynamics and growth prospects, provided the compelling rationale for the transaction and valuation.

Enteq Upstream was founded to identify, acquire and integrate North American companies providing specialist reach and recovery products and technologies (used in non-vertical drilling for oil and gas to optimize production efficiency) to the international upstream (exploration and production) oil and gas services market. The global oilfield market is estimated to be worth $340 billion. Enteq's focus is on acquiring companies operating in the following sub-sectors; geophysical equipment and services ($15 billion), wireline logging ($13 billion) and downhole drilling tools ($4 billion).

Simultaneous with the IPO, Enteq acquired Santa Clara, California-based XXT, Inc., a designer and manufacturer of products focused on the Measurement While Drilling (MWD) market, a significant part of the downhole drilling tools market, where high temperature, pressure and vibration are encountered. XXT's engineering capabilities include mechanical, electronic, software and firmware development. As a result of the XXT acquisition, Enteq has 16 employees; 13 in Santa Clara and three in London.

In recent years, XXT has adapted its downhole equipment to work not only at higher temperatures but also in harsher environments, enabling the equipment to be adopted for use in horizontal wells, such as those drilled in oil and gas shales. In order to drill directional and horizontal wells, the operator must steer the drill bit into and through the reservoir. To achieve this, and to improve drilling efficiency, the operator requires data from close to the drill bit, indicating where the well is being directed and other drilling parameters, such as vibration. This information is provided by MWD equipment. XXT's products are sold to directional drilling companies as well as other equipment manufacturers that incorporate XXT's products and sell them as part of their own solution. The performance of the products in hostile drilling environments enables independent drilling companies to offer services to oil and gas operators in a broader range of environments.

Rig activity and capital expenditure by oil and gas companies are the main drivers of the MWD market. Global rig count is currently the highest it has been in the last 10 years. In North America, the rig count is close to an all-time high, with 70% of the rigs drilling directional and horizontal wells. These drilling techniques, combined with other extraction technologies, have enabled oil and gas to be produced from reservoirs in shales which were previously considered uneconomic, resulting in non-vertical drilling becoming commonplace. The strong financial performance of XXT, along with the overall industry dynamics and growth prospects, provided the compelling rationale for the transaction and valuation.

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U.S. Company Secondary Offerings

The 56 U.S. companies listed on AIM account for 5.1% of the 1,096 companies listed on the market, however, they only account for 2.8% of the secondary offering funds raised since 2010. In prior years, the U.S. companies have accessed larger amounts of capital, resulting in rapid growth, and are now more advanced in terms of their stage-of-development relative to AIM as a whole. As such, many are now self-sustaining and simply require less growth capital.

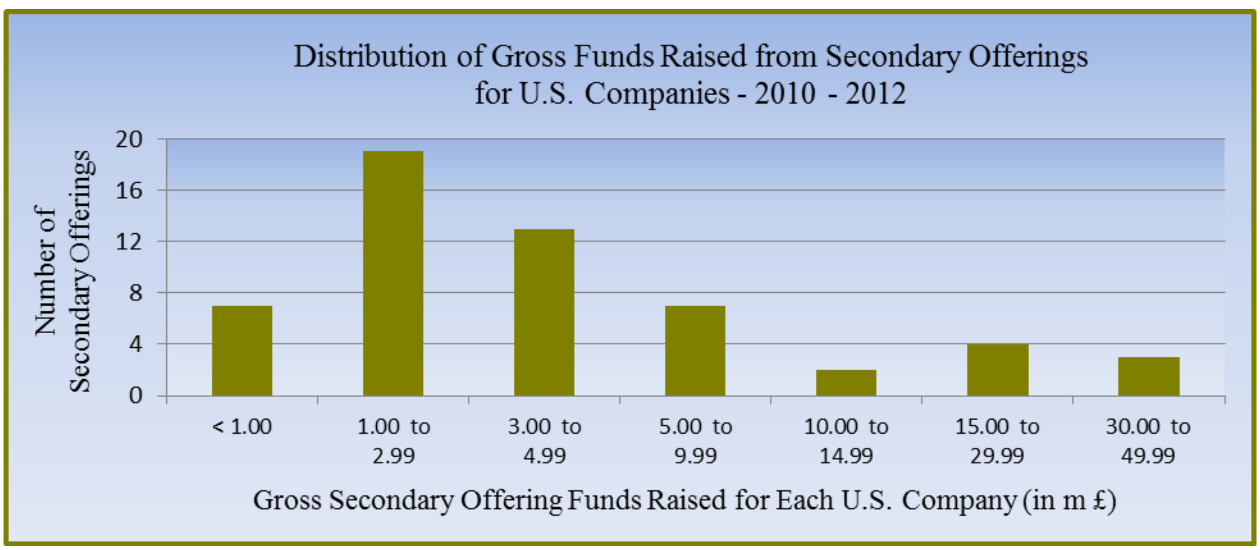
Entire Market	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2010	691	5,738	8.30
2011	524	3,616	6.90
2012	532	2,478	4.66
Total	**1,747**	**11,832**	**6.77**

* This is the number of discrete secondary offering transactions. Some companies completed more than one secondary offering per year.

United States	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2010	18	124	6.89
2011	17	97	5.71
2012	20	111	5.55
Total	**55**	**332**	**6.04**

* This is the number of companies that completed secondary offerings as opposed to the number of discrete secondary offering transactions.

Of the 55 U.S. companies that completed secondary offerings since 2010, 24 completed secondary offerings in more than one year, therefore, 55% of the U.S. companies (31 of 56) have completed at least one secondary offering since 2010. The distribution of gross funds raised by these 55 U.S. companies is illustrated in the chart below, with 71% (39 of 55) raising between £1 and £10 million.



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U.S. Company Selling Shareholder Activity

The ability of existing shareholders to sell some or all of their holdings in an AIM IPO depends on a variety of factors; the most important of which are the strength of the company and the level of investor support. Historically, from 2005 - 2009, 25% of U.S. company IPOs on AIM included selling shareholders who were often either founders of the company, longstanding members of executive management or the board of directors, commercial partners who had made a strategic investment in the company or VCs/PEGs who invested in and nurtured the company for several years prior to its IPO.

One of the two U.S. company IPOs on AIM during 2010 included selling shareholders. In that transaction, the selling shareholders included a PEG, a VC, a Strategic Investor and several Angel Investors for an aggregate of £19 million ($30 million). None of the U.S. company IPOs on AIM during 2011 included selling shareholders. Both of the U.S. company IPOs on AIM during 2012 included substantial cash and other consideration received by the founders and other shareholders, amounting to $47.4 million and $54.1 million, as described in detail on pages three and four above.

While selling shareholders are most common in conjunction with an IPO, U.S. company insiders have sold in the aftermarket in organized transactions on three occasions since 2004; twice as part of secondary offerings and once on a standalone basis. In all three instances, the companies were performing exceptionally well with the organized insider selling driven by a need to "satisfy excess demand" for the company's shares. There were no such transactions from 2010 - 2012; however, insider selling in the normal course of daily share trading is commonplace.

U.S. Company Accredited Investor and Qualified Institutional Buyer (QIB) Activity

U.S. Accredited Investors and QIBs are permitted to participate in AIM IPOs and secondary offerings. Historically, from 2005 - 2009, they have provided 20% of the funding for U.S. company IPOs on AIM and 20% of the secondary offering funds raised for those companies.

From 2010 - 2012, 25% (14 of 55) of the U.S. companies that completed secondary offerings were at least partially financed by Accredited Investors or QIBs, providing 8% of the total funds raised.

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U.S. Company Industry and Geographic Dispersion

AIM-listed companies are organized into 90 sub-sectors, which feed into 40 sectors, which feed into 10 super sectors. The 56 U.S. companies that are listed on AIM are quite diverse and operate in eight of the 10 super sectors.

There is a concentration of oil and gas exploration and production companies in Texas, which includes three oil and gas field technology services companies. The other major concentration is in industrial and consumer technology, including; computing, biotech and cleantech, between Boston and Washington D.C. and in California.

Within Basic Materials, three of the nine produce chemicals/compounds for the health and growth of fish, plants and agriculture, four are mining concern, one is a forestry investment fund and one is a clean water antimicrobial technology company.

Industrials is comprised mainly of a wide range of industrial technology companies; from body armor for the military and other customers to the marking, tracking and authentication of high-value goods to B2B electronic payment companies.

Consumer Services consists of a media company with some unique technology and an athlete representation agency.

Consumer Goods consists of a developer of fuel cells for vehicles and an online and mobile, social/casual, interactive games developer and publisher.